



2019 ANNUAL REPORT

BALGOWLAH RSL MEMORIAL CLUB



BALGOWLAH RSL MEMORIAL CLUB
ACN 001 074 184

ANNUAL REPORT 2019

Directory

Registered Office	30-38 Ethel St, Seaforth, NSW 2092
Postal Address	PO Box 72, Seaforth, NSW 2092
Telephone	02 9949 5477
Facsimile	02 9949 9211
Website	www.balgowlahrsl.com.au
Email	info@balgowlahrsl.com.au

Board of Directors

President	Des McAteer
Senior Vice President	Bob Paterson
Junior Vice President	John Ardill
Treasurer	Stephen Brown
Director	Graham Stone
Director	John Garland
Director	Bryan Renshaw

Management

Chief Executive Officer	Hendrik Visser
Operations Manager	Jason Leong
Food & Beverage Manager	Lawson Job

Auditor of Accounts

CABEL Partners, 1 James Place, North Sydney.

Solicitors

Pigott Stinson, 10 Barrack St, Sydney

Bankers

Australia and New Zealand Banking Group Limited

Affiliation

Clubs NSW
Club Directors Institute
Clubs NSW Clubsafe
Lifeline Balgowlah



PRESIDENTS REPORT 2019

Greetings Dear Members,
On behalf of your Board of Directors, I present the Annual Report of our Club for the year ended 31 December 2019.

As you will see further on in the Treasurers Report our club ended the year with a reduced profit of \$126,459 after tax due to a much-reduced revenue in the Gaming area.

In 2019 our Club has donated to over 50 Local community groups with donations of cash and in-kind totalling \$126,781. You can see a more detailed summary of all the donations further on in the Annual Report in the Community Donations 2019 section.

A very special thank you to our wonderful and generous members who overwhelmed us with their donations to the Litres for the Land fundraiser in 2019 and continue to donate to the Lake Conjola Bush Fire Relief fundraiser.

In 2019 your Board and Senior Management started formulating our next strategic plan for the next 5 to 25 years. We have sent out 3 surveys to members by email and had printed copies available at the Reception Desk at the Club. The responses are double what they were when we did the last surveys a few years back, which is very encouraging. We will be going through these survey results and adding them all into the mix, to set the direction of your Club into the future. When we have formulated the plan, we will be informing you all and engaging you in consultation on that plan so we can take it to the next stage.

Thank you to my fellow Directors for their help, support and commitment to me and our Club in 2019. To our Senior Management team, Hendrik Visser CEO, Jason Leong Operations Manager, Lawson Job Food and Beverage Manager and Shane Rider Executive Chef, a big thank you for your efforts and commitment in 2019.

To the rest of our staff, a big thank you for all your efforts and commitment in 2019, making a visit to our Club such a pleasurable experience.

To those who have lost loved ones this past year, I offer my condolence. To those who are unwell, I hope you have a quick and full recovery.

Thank you all for the honour and privilege of being your President again in 2019. A duty I strive to carry out with pride and commitment.

I look forward to seeing you all enjoying your Club soon,

A handwritten signature in black ink, appearing to read 'Des McAteer', written over a horizontal line.

Des McAteer
Club President

TREASURER REPORT 2019



I present the Balgowlah RSL Memorial Club Financial Statements which outline the financial position of the Club for the 2019 year, together with a comparison of the key business unit results for 2018.

The following Club Business Unit performance is summarised as follows:

Total Club Operations

Total Income \$12,837,929 (down 3.8% on 2018 \$13,341,131)

Profit after tax \$126,459 (down 54.3% on 2018 \$276,879)

The Income Tax rate however was 7.95% compared to 36.38% in 2018.

Club Operations:

Beverage Department

Total Income \$2,348,153 (up 4.3% on 2018 \$2,251,844)

Total profit \$896,673 (up 22% on 2018 \$734,831)

Catering Department

Total Income \$2,769,469 (up 8.2% on 2018 \$2,559,883)

Profit \$184,552 (up 202% on 2018 \$61,078)

Wages increased 1.5% and the GP% was slightly down from 62.8% to 62.55%.

Gaming Department

Income \$6,908,063 (down 11.6% on 2018 \$7,816,875)

Profit \$3,754,427 (down 14.5% on 2018 \$4,391,279)

A handwritten signature in black ink that reads "Stephen H Brown". The signature is written in a cursive style and is positioned above a horizontal line.

Stephen H Brown
Treasurer

BALGOWLAH RSL MEMORIAL CLUB LIMITED
ABN 001 074 184

MINUTES OF THE 46TH ANNUAL GENERAL MEETING

The 46th Annual General Meeting was held at 7pm, Monday 15th April 2019 at the premises of the Balgowlah RSL Memorial Club, 30-38 Ethel Street, Seaforth, New South Wales.

Present:

44 Members were present including 21 Class 1 Members and 23 Club Members.

Business:

1. Apologies recorded – Ralph Jones #42; Barry Smith #303; Neta Baker #8060.
2. To confirm and adopt the minutes of the 45th Annual General Meeting held 26th March 2018.
MOVED, AUTHUR BALL #7618 AND SECONDED, CLIVE BARNABAS #5004, THAT THE MINUTES BE RECEIVED AND ADOPTED. RESOLVED THAT THE MINUTES BE TAKEN AS READ. MOTION CARRIED.
3. To confirm and adopt the minutes of the Extraordinary General Meeting held 1st May 2018.
MOVED, JOHN NASH #30 AND SECONDED, GRANT TUCKER #2554, THAT THE MINUTES BE RECEIVED AND ADOPTED. RESOLVED THAT THE MINUTES BE TAKEN AS READ. MOTION CARRIED.
4. Business Arising from the minutes: Nil
5. To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31st December 2018.
MOVED, SHAUN PARREN #7774 AND SECONDED, WILLIAM O'BRIEN #3360, THAT THE DIRECTORS REPORT AND STATEMENT FOR 2018 BE RECEIVED AND ADOPTED. MOTION CARRIED.
6. To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and the Auditor's Report for the year ended 31st December 2016.

MOVED, ROBERT ELVIN #8824 AND SECONDED, JOHN DAVID #1069, THAT THE PROFIT AND LOSS ACCOUNT, BALANCE SHEET, STATEMENT OF CASH FLOWS AND THE AUDITORS REPORT FOR THE YEAR ENDING 31 DECEMBER 2018 BY RECEIVED AND ADOPTED. MOTION CARRIED.

7. ORDINARY RESOLUTIONS:

That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to Directors and such persons as from time to time the Directors shall authorise or approve:

- The provision to Directors of a club tie, shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as Directors; food and refreshments at the conclusion of Board meetings; premium for Directors and Officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and
- The payment of Director honorariums be allocated as follows:
 - i. President honorarium \$4,800 per annum
 - ii. Treasurer honorarium \$4,800 per annum
 - iii. All other Directors honorarium of \$2,400 per annum

MOVED, GRANT TUCKER #2554 AND SECONDED, JUDY ALEXANDER #3891. MOTION CARRIED.

8. FIFTY YEAR MEMBERS:

Members who have achieved 50 years of membership of Balgowlah RSL Memorial Club were honoured and presented with a 'Commemorative 50 Year' Lapel Pin. The following members were honoured:

#239	Michael Rolph
#268	John Mills
#518	Bruce Elder
#519	Terrence Boardman
#639	Eris Smith
#657	Roy Roxburgh
#679	Howard Watson
#699	Brian Geddes
#728	Gordon Salier
#758	Edward Williams

9. BUSINESS (with due notice given) – Nil

10. OTHER BUSINESS - NIL

CLOSE: There being no further business, the meeting closed at 7:25pm.

COMMUNITY SPIRIT DONATIONS

The community spirit is alive and well in 2019. Balgowlah RSL Members can be proud of their wonderful club and the contributions made to the local community which have always been one of its fundamental traditions.

The Club has continued its strong financial support for over 50 local community groups with donations of cash and in-kind support totalling \$126,860.

It seems that every year in Australia there is a major natural disaster that pulls at our heartstrings and our Club Members have risen to the task every time. In recent years we have raised money help rebuild the Winmalee Rural station in the Blue Mountains and to help the flood victims in Queensland. In 2018 we raised \$30,000 to send three semitrailers of hay to NSW farmers. In 2019 we have raised \$40,000 to send 50 water tankers to stricken farming families and now in 2020, we are already raising \$30,000 for the fire victims in Lake Conjola on the South Coast. There were 89 homes destroyed in this little community of only 100 homes.

The Club continues to provide strong community support to over forty local entities including charities, junior sports, local schools, youth suicide prevention and our people with disabilities. We provide ongoing funding for 'Fighting Chance' which uniquely provides gainful employment to paraplegic and quadriplegic people on the Northern Beaches. This has helped Fighting Chance expand their operations into greater Sydney.

In 2019, we became the major sponsor for the annual 'Bally Bolt Fun Run' organised by Balgowlah Heights Public School. Our \$12,000 helped the school project for over 1,000 runners.

The Club will always focus on disadvantaged children, women's health and people in need, as well as local schools and junior sporting groups. We have continued our 50 year tradition of supporting our local surf clubs, Queenscliff SLSC and North Steyne SLSC.

The following is the list of local entities supported by Balgowlah RSL Memorial Club in 2019:

Club Grants Category 1

Autism Spectrum Australia – *Art Therapy Project for Autism*

BALGOWLAH RSL MEMORIAL CLUB | | ABN 001 074 184

Balgowlah Boys Campus – *Student mental health program*

Bear Cottage Manly – *Hospice for Children with terminal illness*

Fighting Chance Australia – *Work experience Program for young disabled*

Dalwood Spilstead Centre – *Child’s Play program*

St Vincent de Paul Society – *Supporting local disadvantaged school aged children*

Lara Jeans Association – *Movie Mayhem for kids*

Life Education NSW Ltd – *Life Education Workbooks*

Literacy Network Manly Warringah – *English education*

Manly Community Centre – *Women’s shelter ‘Building Blocks Program’*

North Steyne Surf Life Saving Club – *Nippers and special needs nippers program*

Parkinson’s NSW Ltd – *Support group Meeting space*

Queenscliff Surf Life Saving Club – *Nipper boards and swimming scholarships*

Invictus Games – *Athlete Supporters Event at Manly*

Special Olympics Northern Beaches – *Competitor Support*

Taldumande Youth Services – *Family Support Program*

Club Grants Category 2 – Associated Clubs

Balgowlah RSL Fishing Club

Balgowlah –Seaforth-Clontarf RSL Sub Branch

Balgowlah –Seaforth-Clontarf RSL Sub Branch Women’s Auxiliary

Balgowlah RSL Toastmasters

Club Grants Category 2 – Community Activity Groups

Manly/Allambie Ladies Soccer Club

Manly Seaside Baseball Club

North Steyne SLSC

Queenscliff SLSC

Queenscliff Netball Club

Seaforth Cricket Club

Seaforth Football Club

Manly Diggers Swimming Club

Baringa Bush Community Garden

Category 2 – Local Schools Support

Mackellar Girls High School

Balgowlah North Public School

Seaforth Public School

St Cecilia's Catholic Primary School

Northern Beaches TAFE

Category 2 – Community Support

1st Balgowlah Scouts

1st Seaforth Sea Scouts

Active women touched by Cancer

Balgowlah Rotary Club

Balgowlah Probus Club

Clontarf Precinct Committee

Forest Kirk Uniting Church

Lions Club of Balgowlah

Lions Club of Manly

Northern Beaches Country Music Club

Manly Probus Club

Manly Central Probus

Manly District Probus

Seaforth Probus Club

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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DIRECTORS' REPORT

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2019 and report as follows:

1. Board of Directors

The names and particulars of the Directors of the company in office at the date of this report are:

Name	Qualifications	Years As A Director Of This Club	Special Responsibilities
J T D McAteer	Manager	15	President
R J Paterson FAIM, F FIN, JP	Retired Human Resources Executive	8	Senior Vice President
J P Ardill	Retired Company Director	12	Junior Vice President
S H Brown	Retired Financial Controller	4	Treasurer
G Stone	Retired Health Manager	3	Director
J W Garland	Company Director	3	Director
B Renshaw	Retired Customs Officer	11	Director

2. Board Meetings

The number of Board meetings and number of meetings attended by each of the Directors of the company during the 2019 financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
J T D McAteer	21	21
R J Paterson	21	20
J P Ardill	19	18
S H Brown	21	20
G Stone	19	18
J W Garland	19	19
B Renshaw	19	18

Reflects the number of Board meetings held during the time the Director held office.

3. Activities

The principal activity of the company during the year ended 31 December 2019 was trading as a Registered Club. There was no change in the principal activity during the year.

4. Results

The profit for the year after providing for income tax for the year ended 31 December 2019 was \$126,459.

5. Dividends

The company has no provision in its Constitution for the payment of dividends.

6. Review of Operations

The company made a profit after taxation of \$126,459 compared to \$276,878 in 2018 mainly due to:

- a decrease in revenue of \$422,461 from 2018. Revenue for 2019 was \$12,219,196 (2018: \$12,641,657); and
- a decrease in expenses (including tax expense) of \$272,042, Expenditure for 2019 was \$12,092,737 (2018: \$12,364,779).

The company incurred capital expenditure of \$1,262,633 financed by working capital and external loan facilities to maintain its premises and upgrade its equipment.

7. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company for the year.

8. Matters subsequent to the end of the Financial Year

At the date of this report and in financial years subsequent to 31 December 2019, there are no matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- i. the operations of the company;
- ii. the results of those operations; or
- iii. the state of affairs of the company.

9. Future Developments

The Company will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

10. Indemnification of Directors and Officers

The company has provided for and paid premiums during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Director's and Officers' liability and legal expenses contract as such disclosure is prohibited under the terms of the contract.

11. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

12. Auditor's Independence Declaration

CABEL Partners continues in office in accordance with Section 327 of the Corporations Law. A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included in the financial report.

13. Environmental Regulations

The company's operations are subject to various regulations under both Commonwealth and State legislation. The Directors are not aware of any significant breaches of legislation during this financial year.

14. Club Membership

	2019	2018
Class 1	101	179
Club Members	12,286	12,746
Employee Members	10	4
Total Membership	12,397	12,929

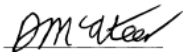
15. Compulsory Director Training

Part 6 of the Registered Clubs Regulation 2015 requires the club to inform members that all our directors and the CEO have completed extensive director training courses run by Clubs NSW.

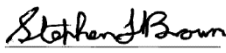
The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the Constitution states that each member, or within one year thereafter, is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

At 31 December 2019, the collective amount members are liable to contribute if the company is wound up was approximately \$23,000 (2018: \$23,000 approximately).

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS and in accordance with its resolution:



J T D McAteer
President



S H Brown
Treasurer

Dated at Balgowlah this day of 2020.

**AUDITOR'S INDEPENDENCE
DECLARATION**
UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001



To the Directors of **BALGOWLAH RSL MEMORIAL CLUB**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CABEL Partners
Chartered Accountants

A handwritten signature in black ink, appearing to be "S Bennison", written over a horizontal line.

Scott Bennison
Partner

North Sydney
Dated this 2 March 2020

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue	2	12,219,196	12,641,657
Consumables used		(1,950,182)	(1,879,491)
Employee benefits expense	3	(4,238,877)	(4,277,195)
Depreciation and amortisation expenses		(1,204,484)	(1,173,182)
Finance costs	3	(44,725)	(49,458)
Other expenses		(4,643,547)	(4,935,472)
Profit before income tax		137,381	326,859
Tax expenses	4	(10,922)	(49,981)
Profit for the year after income tax expenses		126,459	276,878
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the Company		126,459	276,878

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	492,099	751,441
Trade and other receivables	8	56,051	53,434
Inventories	9	182,100	126,704
Current tax assets	10	18,179	-
Other assets	11	67,669	63,238
TOTAL CURRENT ASSETS		816,098	994,817
NON-CURRENT ASSETS			
Property, plant and equipment	12	20,568,441	20,549,807
Right-of-use asset	12	40,395	-
Intangible assets	13	160,000	160,000
Deferred tax assets	10	24,734	28,310
TOTAL NON-CURRENT ASSETS		20,793,570	20,738,117
TOTAL ASSETS		21,609,668	21,732,934
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,277,953	1,068,623
Borrowings & Lease Liabilities	15	418,847	518,940
Provisions	16	224,171	232,246
Current Tax Liability	10	-	31,212
TOTAL CURRENT LIABILITIES		1,920,971	1,851,021
NON-CURRENT LIABILITIES			
Borrowings & Lease Liabilities	15	359,244	717,282
Provisions	16	286,488	248,125
TOTAL NON-CURRENT LIABILITIES		645,732	965,407
TOTAL LIABILITIES		2,566,703	2,816,428
NET ASSETS		19,042,965	18,916,506
EQUITY			
Reserves	17	4,576,243	4,576,243
Retained earnings		14,466,722	14,340,263
TOTAL EQUITY		19,042,965	18,916,506

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 January 2019	14,340,263	4,576,243	18,916,506
Comprehensive income			
Profit for the year	126,459	-	126,459
Total comprehensive income for the year attributable to members of the company	126,459	-	126,459
Balance at 31 December 2019	14,466,722	4,576,243	19,042,965
Balance at 1 January 2018	14,063,385	4,576,243	18,639,628
Comprehensive income			
Profit for the year	276,878	-	276,878
Total comprehensive income for the year attributable to members of the company	276,878	-	276,878
Balance at 31 December 2018	14,340,263	4,576,243	18,916,506

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from Club Operations		12,323,557	13,010,725
Payments to Suppliers and Employees		(11,267,804)	(11,731,593)
Rent Received		271,773	286,068
Interest and Finance Charges Paid		(44,725)	(49,458)
Income Taxes Refund/(Paid)		(56,736)	(14,347)
Interest received		4,846	5,648
Net cash provided by operating activities	26	1,230,911	1,507,043
Cash flows from investing activities			
Payment for Property, Plant and Equipment		(1,262,633)	(2,092,048)
Proceeds from disposal of property, plant and equipment		271,819	95,920
Net cash provided by (used in) investing activities		(990,814)	(1,996,128)
Cash flows from financing activities			
Net Proceeds/ (Repayment) of Borrowings		(499,439)	789,849
Net cash (used in) provided by financing activities		(499,439)	789,849
Net increase (decrease in cash held)		(259,342)	300,764
Cash and cash equivalents at beginning of financial year		751,441	450,677
Cash and cash equivalents at end of financial year	7	492,099	751,441

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The financial statements cover Balgowlah RSL Memorial Club as an individual entity. Balgowlah RSL Memorial Club is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements have been authorised by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the Australian Accounting Standards Board (AASB). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting period.

The following Accounting Standard is most relevant to the company:

AASB 16 Leases

The Company has initially adopted AASB 16 Leases from 1 January 2019 with no adjustment to comparative information.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Previously, the Company recognised operating lease expenses on a straight-line basis over the term of the lease. Under AASB 16, the Company will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities, included in finance costs, based on the interest rate implicit in the contract. Following the adoption of AASB 16, the Company has recognised a right-of-use asset of \$40,395 and corresponding liability over the existing phone system.

(a) Going Concern

As at 31 December 2019, current liabilities exceeded current assets by \$1,104,873 (2018: \$856,204). The directors have a capital expenditure plan which uses, where possible, cash generated from operating activities to fund that expenditure. The effect on working capital is that funds are drawn for capital expenditure. The Directors have prepared these accounts on a going concern basis as there was a positive cash flow surplus from operating activities of \$1,230,911 (2018: \$1,507,013) and the budget for 2020 indicates a budgeted trading profit and cash flow surplus (including loan repayments) which the directors expect to be achieved.

(b) Income Tax

The company's liability for income tax arises for a substituted accounting financial year ending 30 June and relies on the continuing acceptance by the Australian Taxation Office of the mutuality principle. It is calculated on the net income from non-members plus income from rentals and interest, less deductions claimable under the Income Tax Assessment Act.

The income tax expense for the year ended 31 December 2019 is \$10,922 (2018: \$49,981). Tax is paid by instalments. As at 31 December 2019 there is a tax refund expected of \$18,179 (2018 tax liability of \$31,212).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there may be future taxable income available to recover the asset.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land is carried at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less accumulated depreciation for buildings.

Club Buildings and Renovations are stated at historical costs less depreciation. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same

asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Plant and Equipment

Plant, Equipment, Furniture are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure, where applicable, that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset:	Depreciation Rate
Buildings	2.5%
Plant and Equipment (at cost)	10%-20%
Poker Machines (at cost)	10%-20%
Computer Software (at cost)	5%-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's

carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in statement of profit and loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are

remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments as associated with these leases as an expense on a straight-line basis over the lease term. Payments made under short term operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, deemed to be out of pre-acquisition profits. If such an indication exists, and impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair values less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Intangibles (Other Than Goodwill) - Gaming Machine Entitlements

Gaming Machine Entitlements acquired are initially recorded at the purchase price at the date of

acquisition. Gaming Machine Entitlements are tested annually for impairment and carried at cost less accumulated impairment losses. Gains or losses and impairment on the disposal of Gaming Machine Entitlements will be charged to the Statement of Profit or Loss and Other Comprehensive Income.

(h) Employee Benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee entitlements as a non current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(iii) Superannuation
The company contributes to accumulation superannuation plans in accordance with legal obligations.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks.

(k) Revenue and Other Income

AASB 15 replaces AASB 118 Revenue which covers contracts for goods and services. Revenue from subscriptions from members and associates are

recognised in the year to which it relates while revenue from sale of goods is recognised upon the delivery of goods to customers. Member bonuses are treated as an expense, when redeemed, not when granted.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

Other Income

Income from other sources is recognised when the fee in respect of other products or services provided is receivable.

(l) Member Subscriptions in Advance

All subscriptions in advance are treated as current liabilities in accordance with company policy.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

(i) Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable

amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid at year end. These amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest method.

(r) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis and if there are any debts known to be uncollectible, they are written off.

	2019 \$	2018 \$
2. REVENUE AND OTHER INCOME		
Sales Revenue:		
Sale of Goods	5,117,621	4,811,727
Other Revenue:		
Rental Revenue	271,773	286,068
Interest Received	2(a) 4,846	5,648
Subscription and Entrance Fee	58,594	75,071
Gaming Revenue	6,908,063	7,816,874
Other Revenue	2(b) 268,583	113,502
Poker Machine GST Expense	(618,733)	(699,473)
Commission and Sundry Income	208,449	232,240
Total Revenue	12,219,196	12,641,657
(a) Interest received from:	4,846	5,648
Other corporations		
(b) Profit on disposal of property, plant and equipment	232,304	75,808

3. PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following specific expenses:

Expenses:

Interest expense on financial liabilities not at fair value through profit or loss:

External	44,725	49,458
Total finance costs	44,725	49,458
Wages and Salaries	3,385,114	3,426,226
Other associated personnel expenses	222,343	274,376
Contributions to superannuation funds	340,301	331,432
Employee leave benefits paid	260,831	261,519
Increase/(Decrease) in liability for employee benefits	30,288	(16,358)
Employee benefits expense	4,238,877	4,277,195

	2019	2018
	\$	\$
4. TAX EXPENSE		
(a) The components of tax expense comprise:		
Current tax	10,922	49,981
<hr/>		
The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:		
(b) Prima facie tax payable on profit before income tax At 27.5%	37,780	89,886
Add tax effect of:		
Deferred tax assets recognised in the accounts	3,576	1,264
	<hr/>	<hr/>
	41,356	91,150
Less tax effect of:		
Tax effect of non-deductible and non-assessable items (including portion attributable to members)	(30,434)	(41,070)
Under / (over provision) in tax expense in prior year	-	(99)
	<hr/>	<hr/>
Income tax expense attributable to entity	10,922	49,981
<hr/>		
5. KEY MANAGEMENT PERSONNEL COMPENSATION		
Short term benefits	489,855	381,704
Post employment benefits	88,283	32,686
Other long-term benefits	40,982	73,537
	<hr/>	<hr/>
Total compensation	619,120	487,927
<hr/>		
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor:		
Auditing and compilation of the financial report	27,400	28,400
	<hr/>	<hr/>
	27,400	28,400
<hr/>		

	2019	2018
	\$	\$
7. CASH AND CASH EQUIVALENTS		
Cash on Hand	210,000	210,000
Cash at Bank	282,099	541,441
	<u>492,099</u>	<u>751,441</u>
8. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors and Accrued Income	56,051	53,434
9. INVENTORIES		
CURRENT		
At cost:		
Stock on hand	182,100	126,704
10. TAX		
Assets		
CURRENT		
Income Tax	18,179	(31,212)
Deferred Tax Asset		
Provisions		
Opening balance	28,310	29,574
Charged to income	(3,576)	(1,264)
Closing balance	24,734	28,310
Balance at year end	24,734	28,310
11. OTHER ASSETS		
CURRENT		
Prepayments	67,669	63,238
12. PROPERTY, PLANT AND EQUIPMENT		
Freehold land (at valuation)	6,050,000	6,050,000
Club Buildings (at cost)	20,166,696	20,166,696
Less accumulated depreciation	(8,558,149)	(7,926,420)
	<u>11,608,547</u>	<u>12,240,276</u>
Total land and buildings	17,658,547	18,290,276
Plant and Equipment (at cost)	2,742,984	2,215,562
Less accumulated depreciation	(1,706,583)	(1,560,627)
	<u>1,036,401</u>	<u>654,935</u>
Poker Machines (at cost)	3,731,181	3,407,450

	2019	2018
	\$	\$
Less accumulated depreciation	(1,871,461)	(1,834,604)
	<u>1,859,720</u>	<u>1,572,846</u>
Computer software (at cost)	376,467	376,468
Less accumulated depreciation	(362,694)	(344,718)
	<u>13,773</u>	<u>31,750</u>
Total plant and equipment	2,909,894	2,259,531
Total property, plant and equipment	20,568,441	20,549,807
Right-of-use asset (at cost)	40,395	-
Less accumulated depreciation	-	-
Total Right-of-use asset	40,395	-

(a) Core Property

The Company's core property is at 30-38 Ethel Street, Seaforth NSW 2092.

(b) Movements in carrying amounts

For disclosure on movement in carrying amounts please refer to note 27(a) at the end of this financial report.

(c) Asset revaluations

Valuation of Land

The company's land was revalued on 9th February 2015 by independent valuers, Dobrow Valuations Pty Limited. Valuations were made on the basis of open market value. The revaluation surplus was credited to the revaluation reserve.

	2019 \$	2018 \$
13.INTANGIBLE ASSETS		
Poker Machine Entitlements – at cost	160,000	160,000
Less accumulated amortisation and impairment	-	-
	160,000	160,000

Reconciliation of poker machine entitlements – at cost

Balance at beginning of year	160,000	160,000
Additions – at cost	-	-
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Closing carrying value at 31 December 2019	160,000	160,000

14.TRADE AND OTHER PAYABLES

CURRENT

Goods and Services Tax (Net)	184,795	215,376
Other Creditors and Accruals	302,726	385,255
Trade Creditors	614,526	300,460
Subscriptions in Advance	121,357	106,130
Rent Income in Advance	54,549	61,402
	1,277,953	1,068,623

15.BORROWINGS & LEASE LIABILITIES

CURRENT

Bank Loan (Secured)	360,000	360,000
Lease liabilities	10,457	-
Other Loans (Term Creditors – Interest Free)	48,390	158,940
Total Current Borrowings	418,847	518,940

NON-CURRENT

Bank Loan (Secured)	300,000	660,000
Lease liabilities	29,939	-
Other Loans (Term Creditors – Interest Free)	29,305	57,282
Total Non-Current Borrowings	359,244	717,282
Total Borrowings	778,091	1,236,222

(a) At year end, the company holds a secured finance facility of \$2,023,10, which comprises \$660,000 for a tailored

commercial facility with fixed interest rate of 4.71% pa until October 2021.

The facility is secured by first mortgage over the property situated at 30-38 Ethel Street, Balgowlah and first registered charge being a fixed and floating charge over all present, future assets and undertakings of the company. The principal repayment is \$30,000 per month, which commenced 1st July 2018.

- (b) The term creditors and chattel mortgage are effectively secured as the rights to the assets recognised in the financial statements revert to the supplier/lender in the event of default. The assets acquired from term creditors and by chattel mortgage are held with a carrying value of \$164,129. These assets become the property of the company upon full settlement of the outstanding instalments.

The lease liabilities represent the phone system that was previously accounted for as an operating lease. Under the lease standard AASB 16 this has been brought onto the statement of financial position.

	2019	2018
	\$	\$
16.PROVISIONS		
CURRENT		
Employee Entitlements	224,171	232,246
NON-CURRENT		
Employee Entitlements	286,488	248,125
Employee Entitlements		
Opening balance at 1 January 2019	480,371	
Net movement	30,288	
Balance at 31 December 2019	510,659	

17.RESERVES

Analysis of Each Class of Reserves

Asset Revaluation Reserve	4,576,243	4,576,243
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The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 12(c). The balance standing to the credit of the reserve is not distributable.

18.LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable:

not later than 12 months	10,934	12,949
between 12 months and five years	8,538	19,472

	19,472	32,421
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19. CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

Bank Guarantees

The company has given a bank guarantee to TAB Limited	5,000	5,000
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Member's rewards point

Value of points yet to be redeemed by members	21,382	53,715
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20. EVENTS AFTER THE REPORTING PERIOD

Matters subsequent to the end of the Financial Year

At the date of this report, there are no matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- (i) the operations of the Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company in financial years subsequent to 31 December 2019.

21. OPERATING SEGMENTS

The Company operates as a licensed club and operates in one geographical area, being Seaforth, New South Wales, Australia.

22. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of non-derivative instruments, namely deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Financial Risk Management Policies

Specific Financial Risk Exposures and Management

(a) Credit risk

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(b) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	2019	2018
	\$	\$
<i>Financial liability and financial asset maturity analysis</i>		
	Within 1 Year	
Financial liabilities due for payment		
Bank Loans	360,000	360,000
Lease liability	10,457	9,816
Chattel Mortgage - Bank	48,390	149,124
Total contractual outflows	418,847	518,940
Total expected outflows	418,847	518,940
Net (outflow)/inflow on financial instruments	(418,847)	(518,940)
	1+ years	
Financial liabilities due for payment		
Bank Loans	300,000	660,000
Lease liability	29,939	-
Chattel Mortgage - Bank	29,305	57,282
Total contractual outflows	359,244	717,282
Total expected outflows	359,244	717,282
Net (outflow)/inflow on financial instruments	(359,244)	(717,282)
	Total	
Financial Liabilities		
Bank Loans	660,000	1,020,000
Lease liabilities	40,396	9,816
Chattel Mortgage - Bank	77,695	206,406
Total contractual outflows	778,091	1,236,222
Total expected outflows	778,091	1,236,222
Net (outflow)/inflow on financial instruments	(778,091)	(1,236,222)

Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are as per the carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

23. FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold Land

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are

observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuations Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches.

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Level 2

Recurring fair value measurements	Note	2019 \$	2018 \$
Non-financial assets			
Freehold Land	12	6,050,000	6,050,000
Total non-financial assets recognised at fair value on a recurring basis		6,050,000	6,050,000
Liabilities			
Borrowings	15	778,091	1,236,222
Total liabilities recognised at fair value		778,091	1,236,222

The company does not include fair value information for financial assets and financial liabilities such as short term trade debtors, cash and cash equivalents and payables because their carrying amounts are reasonable approximation of fair value.

24. COMPANY DETAILS

The registered office and principal place of business of the company is:

Balgowlah RSL Memorial Club
30-38 Ethel Street
SEAFORTH NSW 2092

25. RELATED PARTY DISCLOSURES

A. Directors

The names of each person holding the position of Director of Balgowlah RSL Memorial Club during the financial year are:

J T D McAteer, R J Paterson, J P Ardill, S Brown, G Stone, J Garland, Bryan Renshaw.

B Remuneration of Directors

Benefits were received by Directors from transactions including meals and refreshments following Directors' and Committee meetings and Company functions attended by Directors on behalf of the Company. Directors are paid a nominal honorarium of \$200 per month, while the Club President and the treasurer receive \$400 per month.

The aggregate amount brought to account was \$29,170.

No other transactions occurred with Directors or director related parties during the year.

C Related Party Transactions

The Company has a related party relationship with Balgowlah-Seaforth-Clontarf RSL Sub Branch (Sub Branch) as two of the Directors must be members of the Sub Branch as per the Company's constitution. During the year ended 31 December 2019, donations were made to the Sub Branch of \$4,850 (2018: \$5,600). The Sub Branch occupies part of the Club's premises free of charge and its members' subscription collection is effected by the Company at no cost. No other transactions have occurred between the parties.

During the year no other Director of the company or related parties provided any goods or services to the company in exchange for payment.

	2019	2018
	\$	\$
26. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	126,459	276,878
Non-cash flows in profit:		
Depreciation and Amortisation	1,204,484	1,173,182
Profit on disposal of property, plant and equipment	(232,304)	(75,808)
Changes in assets and liabilities:		
(Increase)/Decrease in Trade Debtors and Accrued Income	(2,616)	94,939
(Increase)/Decrease in Stock in Hand	(55,395)	10,880
Increase/(Decrease) in Trade and Other Payables	210,241	(3,904)
(Increase)/Decrease in Prepayments	(4,431)	11,626
Increase/(Decrease) in Provision for Income Tax	(49,392)	34,342
Increase/(Decrease) in Other Provisions	30,289	(16,356)
Increase/(Decrease) in Deferred Tax Assets	3,576	1,264
Net cash provided by operating activities	1,230,911	1,507,043

27. MOVEMENT IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant and equipment:

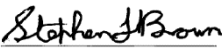
	Freehold Land (at valuation)	Club Buildings (at cost)	Plant and Equipment (at cost)	Poker Machines (at cost)	Computer Software (at cost)	Total
Balance 1 January 2018	\$ 6,050,000	\$ 11,388,591	\$ 598,936	\$ 1,531,450	\$ 82,077	\$ 19,651,054
Additions	-	1,446,955	194,929	450,164	-	2,092,047
Disposals	-	-	(689)	(19,424)	-	(20,112)
Depreciation expense	-	(595,270)	(138,241)	(389,344)	(50,327)	(1,173,182)
Carrying amount at 31 December 2018	6,050,000	12,240,276	654,935	1,572,846	31,750	20,549,807
Additions	-	-	527,422	735,211	-	1,262,633
Disposals	-	-	-	(39,515)	-	(39,515)
Depreciation expense	-	(631,729)	(145,956)	(408,822)	(17,977)	(1,204,484)
Carrying amount at 31 December 2019	6,050,000	11,608,547	1,036,401	1,859,720	13,773	20,568,441

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Balgowlah RSL Memorial Club, the directors of the company declare that:

1. The financial statements and notes, which comprise the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001; and
 - comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements; and
 - give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director 
JTD McAteer – President

Director 
S Brown – Treasurer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BALGOWLAH RSL MEMORIAL CLUB



Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Balgowlah RSL Memorial Club (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of Balgowlah RSL Memorial Club has been prepared in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standard, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of **Balgowlah RSL Memorial Club**, would be in the same terms if given to the directors as at the time of this auditor's report. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of **Balgowlah RSL Memorial Club**, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As a part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business

activities within in the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. There were no significant findings or deficiencies to report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

CABEL Partners
Chartered Accountants

A handwritten signature in black ink, appearing to read 'S Bennison', with a long horizontal line extending to the right.

Scott Bennison
Partner

North Sydney
Dated this 2 March 2020



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